

## **PROCUREMENT SUB-COMMITTEE PUBLIC MINUTES**

**Wednesday, 16 January 2019**

**Minutes of the meeting of the Procurement Sub-Committee held at the Guildhall EC2 at 10.00 am**

### **Present**

#### **Members:**

Hugh Morris (Chairman)	Susan Pearson
Deputy Robert Merrett (Deputy Chairman)	Deputy Jamie Ingham Clark
Randall Anderson	Jeremy Mayhew
Michael Hudson	

#### **Officers:**

John Cater	- Committee Clerk
Christopher Bell	- Chamberlain's Department
Mona Lewis	- Chamberlain's Department
Ola Obadara	- City Surveyor's Department
Natalie Evans	- Chamberlain's Department
Chris Hartwell	- City Surveyor's Department
Geoff Parnell	- Chamberlain's Department
Michael Harrington	- Chamberlain's Department

#### **1. APOLOGIES**

Apologies for absence were received from John Fletcher and Clare James.

#### **2. DECLARATIONS BY MEMBERS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

There were no declarations.

#### **3. MINUTES**

The Minutes of the meeting held on 7<sup>th</sup> November 2018 were approved as an accurate record.

#### **4. UPDATE ON PLAN TO IMPROVE 10-DAY PAYMENT PERFORMANCE**

The Sub-Committee received a Report of the Chamberlain concerning the plan to improve the 10-day payment performance.

The Commercial Director informed Members that since the action plan was produced, the 10-day payment performance (i.e. payment of invoices to the Corporation's SME suppliers) has increased from 84% in October, to 91% in November.

With most of the action plan now completed, and the move from calendar days to working days for 10-day invoice payments, the Commercial team have

witnessed a significant improvement in the figures and having exceeded the 85% target in November, fully expect to repeat this each month for the remainder of the current financial year.

Compared to other Local Authorities within London, the City Corporation appears to be leading the way, not only in terms of paying SMEs within 10 days, but also, with regard to paying all suppliers within 30 days. A further update will be provided at February's Procurement Sub-Committee meeting.

Members commended the work of the team and welcomed the Commercial Director's update regarding e-invoice virtual printing; despite the initial costs to set up the new Baseware system, it had the potential to bring efficiencies and reduce IT security risks. Going forward, all new contracts would be mandated to utilize Baseware, however, the Director stressed that progress was expected to be slower with the utility companies and other local authorities.

Turning to appendix 1, Members expressed concern about the City of London Police's performance (67% of invoices paid within 10 days in November 2018). The Director responded that this figure had been highlighted to the Commissioner and several Members of the Commercial Team have been providing support since last year in a collective effort to improve performance.

The Deputy Chairman of the Finance Committee stressed that remedial action for the Police was ongoing. Payment performance was a component of a wider set of concerns around financial controls at CoLP. In addition to the expected appointment of more permanent, full time staff in the Police's Finance team in 2019, a Head of Finance and COO would soon also be in place.

Members added that if the Police continued to underperform in this area. There was the real prospect of the wider Corporation being negatively impacted; data on invoice payment performance was readily available to potential suppliers and gaining a reputation for tardiness could mean they are less likely to tender for contracts.

**RESOLVED** – that the Sub-Committee noted the Report

5. **UPDATE ON IMPLEMENTATION TO ENHANCEMENTS TO LIVING WAGE POLICY - SUPPLIER CONTRACTS**

The Sub-Committee received a Report of the Chamberlain concerning the Living Wage Policy.

**RESOLVED** – that the Sub-Committee noted the Report.

6. **CITY CORPORATION MODERN SLAVERY STATEMENT**

The Sub-Committee received a Report of the Chamberlain concerning the Corporation's Modern Slavery Statement.

**RESOLVED** – that the Sub-Committee noted the Report.

**7. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUBCOMMITTEE**

There was one question.

A Member asked whether, in light of its financial difficulties in recent months, the City was preparing contingency plans if Interserve collapsed.

The Commercial Director responded that work was ongoing to ensure the City was as insulated as possible in the worst-case scenario. Interserve had been reassuring the Corporation that the outlook was secure, however market sentiment appeared to be moving against them, with some analysts expecting major developments by this summer.

The Commercial Director identified five projects that Interserve were (or had recently been) involved in. these included:

- i) Old Bailey works – a mitigation plan was in place to ensure the works could be transferred to another supplier at short notice
- ii) The Police shooting range – would be completed by a different provider
- iii) Minor Cleansing contract – minimal amount (2K), that could be transferred
- iv) Works at the Girls School – work should be complete by February
- v) BIMS Survey – most of the work has already been transferred to Skanska

The Commercial Director added that his team continues to monitor the wider outsourcing industry. There was a concern in the department about how the Corporation was assessing supplier's financial risk. Hitherto, the culture at the Corporation had been one of caution; whilst it was vital to undertake robust due diligence, overzealousness, particularly when analysing the risk of SME's or tech start-ups, could, ultimately, land the Corporation with inferior suppliers.

In response to a query concerning the Corporation's policy on air quality targets, the Commercial Director informed Members that Reports were being finalised and were likely to be submitted to the March committee cycle. A Member added that it was important to reach a single policy and approach to air quality targets, it should be recognised that converting the entire vehicle fleet to electric would not be cheap and that establishing a robust cost benefit analysis would be vital before Members were consulted.

**8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

**9. EXCLUSION OF THE PUBLIC**

**RESOLVED** - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

10. **NON-PUBLIC MINUTES**

The Non-Public Minutes of the meeting held on 7th November 2018 were approved as an accurate record.

11. **MAJOR CONSTRUCTION WORKS FRAMEWORKS - STAGE 2 AWARD REPORT**

The Sub-Committee considered two Reports of the Chamberlain concerning the major construction works frameworks and the minor works frameworks.

12. **MINOR WORKS FRAMEWORKS - STAGE 2 AWARD REPORT**

The Sub-Committee considered two Reports of the Chamberlain concerning the major construction works frameworks and the minor works frameworks.

13. **DEPARTMENTAL RESPONSE TO LATEST CHIEF OFFICERS PURCHASE CARD REPORT**

The Sub-Committee received a Report of the Chamberlain concerning the Chief Officers Purchase Card statistics for Q1 2018/19.

14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

There were no non-public questions.

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was no other urgent non-public business.

**The meeting closed at 11.30 am**

-----  
Chairman

**Contact Officer: John Cater**  
**john.cater@cityoflondon.gov.uk**